Cephalon Resource Corporation

Annual Report

For Year Ended

April 30, 1994

MISSION STATEMENT

Cephalon Resource Corporation is a Calgary, Alberta based corporation engaged in the exploration, development and production of oil and natural gas in Western Canada. We plan to increase our shareholder value by drilling and developing prospects which we feel are of low to medium risk and which offer shallow to medium depth, multi-zone drilling targets. We plan to maintain a balanced mix of oil and natural gas properties in order to achieve balanced growth. We do not consider acquisitions of properties as being a primary source of growth due to the highly competitive nature of the market, but should an appropriate opportunity arise it will be considered by management after due consideration of economic and technical evaluations.

Table of Contents

Message from the Chairman and the President 1
Principal Oil and Gas Properties 2
Outlook 2
Auditor's Report 4
Balance Sheets 5
Statements of Loss and Deficit 6
Statements of Changes in Financial Position 7
Notes to the Financial Statements 8
Directors Profile 12
Corporate Information .... IBC

Glossary of Terms/Conversion Table

Glossary of Terms

bbl	barrel;
bopd	barrels of oil per day;
bpd	barrels per day;
mbbls	thousands of barrels;
mcf	one thousand cubic feet;
mcfd	one thousand cubic feet per day;
mmcf	one million cubic feet;
mmcfd	one million cubic feet per day;
1mstb	one thousand stock tank barrels;
NGL	natural gas liquids; and
stb	stock tank barrel.

Convert	To	Multiply
mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.62
acres	hectares	0.405
hectares	acres	2.471

Notice of Annual Meeting

You are invited to attend the Annual Shareholders Meeting of Cephalon Resource Corporation at 3:30 p.m., Wednesday, September 14, 1994 at the Westin Hotel, 320 - 4th Avenue S.W., Calgary, Alberta.

MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT

The past year has been one of organization and laying the groundwork for our planned future growth, initially by way of low risk development drilling, as evidenced by our successful results at Haynes, to be followed by a gradual shift in emphasis to more exploratory type projects.

Cephalon Resource Corporation commenced operation on May 21, 1993, following which we completed a private placement and had our shares listed on the Alberta Stock Exchange on July 15, 1993.

In September of 1993, we acquired a 10% interest in 15 producing oil wells in the East Acheson area of Central Alberta.

In October 1993, we agreed to participate in the re-drilling of two wells and the connection of an existing gas well to a gas processing plant in the Haynes area of Central Alberta, acquiring a 25% interest in the project. At the time of printing, Cephalon as operator, had drilled and cased three gas wells with a fourth well currently being drilled.

We acquired a 25% working interest in 160 acres of land in the Warburg area of Alberta by drilling a well pursuant to a letter of agreement signed in October, 1993.

We participated in the drilling of one well in the Iosegun area of Northwestern Alberta to earn a 25% working interest before payout and a 15% working interest after payout in two sections of land.

In December, we completed a public offering of 3.1 million flow-through units by prospectus generating net proceeds of $800,000 for drilling and exploration activities.

In January of this year we acquired a 3.49% working interest in the Pembina Belly River “C” unit in Alberta.

As stated in our Mission Statement we plan to maintain a solid mix of oil and natural gas properties in our operations as a means to achieve balanced growth. We are paving the way to increasing shareholder value by drilling and developing promising, internally generated oil and natural gas prospects which management feels offer strong growth potential.

We are seeking regulatory approval for a $2.0 million, 10% Convertible Redeemable Debenture the proceeds of which will be used for future planned development and exploration activity.

We feel we are entering a period of tremendous opportunity, and as can be seen from the following description of properties in various stages of development, we are looking to substantially increase cash flow over the next several years. The management team wishes to acknowledge and thank the Directors for their efforts and gratefully acknowledge the support of our shareholders as we prepare for the exciting challenges of the coming year.

On behalf of the Board of Directors,

A. Bruce Macdonald
Chairman of the Board
August 9, 1994

Fred P. Rumak
President & Chief Executive Officer

Principal Oil and Gas Properties

The following is a description of Cephalon's oil and natural gas properties, by area. All oil and natural gas properties have been independently evaluated by Fekete Associates Inc.

Bigoray, Alberta

Cephalon owns a 50% working interest before payout reverting to a 25% working interest after payout in 640 acres of land and one gas well in this area in central Alberta. The well commenced production from the Glauconite zone in April of this year at an initial rate of 1.0 mmcfd with 40 bpd of natural gas liquids. The Fekete Report estimates proven natural gas and natural gas liquids, net to the Company, to be 823 mmcf and 32,000 bbls respectively. The report also estimates net operating income for the eight months ending December, 1994 to be $178,000 from this area.

Cephalon also holds a 12.5% working interest in one offset development well cased for evaluation through perforations of the Glauconite and Ostracod zones. This well will be tied into the existing gas gathering system in the area during the next few months.

East Acheson, Alberta

Cephalon owns a 10% working interest in the Blairmore B oil pool in the East Acheson area of central Alberta comprising 800 acres and contains 15 (1.5 net) producing oil wells. The net daily production from these wells is 20 bopd and 62 mcf/d of gas.

The Fekete Report estimates that Cephalon's total proved net operating income for the eight months ended December 31, 1994 to be $74,500. The report estimates total proved net operating income from operations for the year ended December 31, 1995 to be $115,200.

The working interest owners in this pool plan to drill two infill wells depending on the results of a seismic survey to be conducted in September of this year. We expect to participate in the drilling of these wells at a net cost of approximately $80,000.

Pembina Belly River "C" Unit, Alberta

Cephalon Resource Corporation has purchased a 3.49% working interest in the Pembina Belly River "C" Unit. The Unit has been developed on 80 acre spacing and includes 18 (0.63 net) producing oil wells, 23 (0.8 net) water injection wells and 3 (0.1 net) shut-in wells. Net daily production to Cephalon for the month of April was 15 bopd. The report estimates our proved producing net operating income for the eight months ended December, 1994 to be $47,000.

Warburg, Alberta

Cephalon has a 50% working interest before payout reverting to a 25% working interest after payout in a Belly River oil well in the Warburg area of the Pembina field. Initial producing rates during the first 1½ month's production from the well averaged 31 (15.5 net) bopd with Cephalon's estimated interest in the proved producing oil reserves to be 17,000 bbls.

Our engineering report estimates our net operating income for the eight months ended December 31, 1994 to be $14,000. No further wells are contemplated to be drilled in this area in 1994.

Iosegun, Alberta

Cephalon has a 25% working interest before payout and a 15% interest after payout in a well in the Iosegun area of northwestern Alberta. We also have a 15% interest in 1,640 acres in lands offsetting the well. The well has been drilled to a depth of 1,700 metres and cased as a potential oil well, however, operations were suspended due to spring break-up. We intend to complete operations later this year as soon as weather and access road conditions permit. Cephalon is the operator of the property.

Outlook

The following provides a description of the oil and natural gas properties in which Cephalon Resource Corporation anticipates acquiring an interest or pursuing exploration and development activities in the coming year.

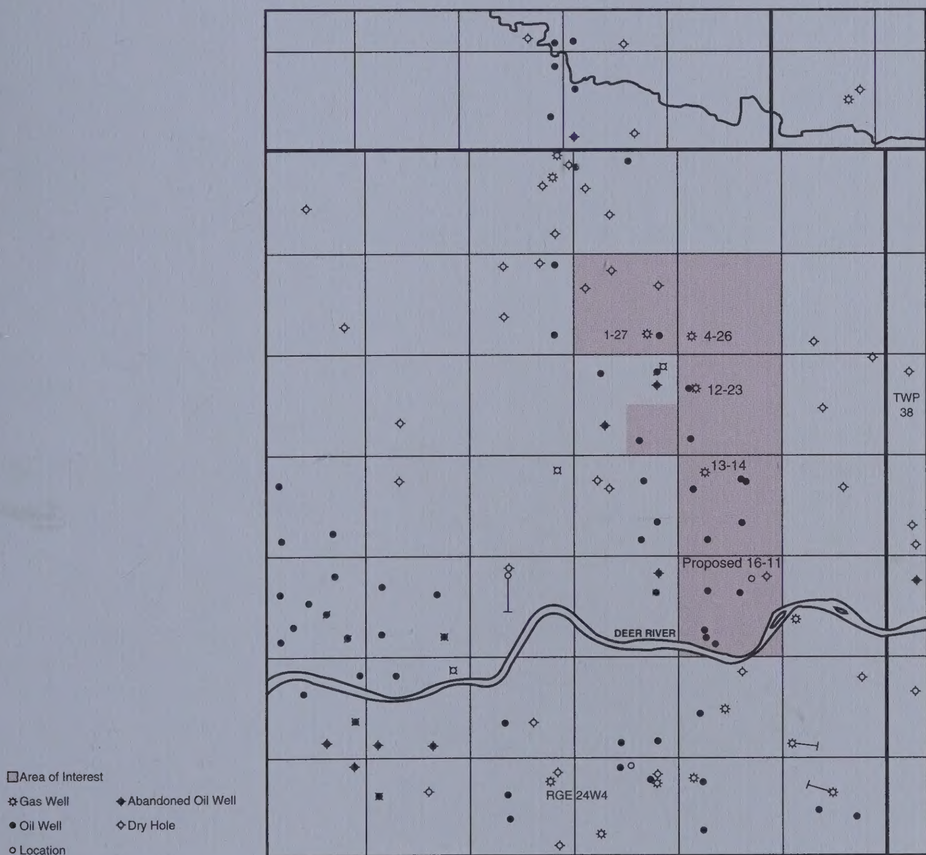
Haynes, Alberta

Cephalon has entered into an agreement to pay 25% of the costs and assume operatorship for a development program consisting of the drilling of two wells and the connection of an existing gas well to a gas processing plant in the Haynes area of central Alberta. Successful completion of the program will earn Cephalon an 18.75% interest in the first phase of the project. The two wells have now been drilled, cased and production tested. The 12-23 flowed gas from the Glauconite zone at a stabilized rate of 2.6 mmcfd and the 1-27 tested at a rate of 1.9 mmcfd from the Basal Quartz sand.

In phase two of the project, Cephalon, as operator, has drilled the third well in the program with the fourth well currently being drilled. Our working interest is 32% before payout reverting to 16% after payout. The third well 13-14-38-24 W4M flowed gas at 3.2 mmcfd on drill stem test from the Glauconite zone.

A pipeline crew is presently working in the field connecting the first three wells to a trunk line connecting to the Nevis gas plant. It is expected that gas sales will commence sometime in early September from this area.

Haynes Area, Alberta



Leduc, Alberta

Cephalon plans to participate as to a 25% working interest in a horizontal well in the Leduc D-2 pool in central Alberta to exploit by-passed oil reserves. The operator has assembled 1,520 acres of freehold mineral rights and plans to spud a well in August of this year. Should the initial well prove successful an additional three to four development wells could be drilled on the remainder of the lands.

Eastend, Saskatchewan

During the next couple of months, Cephalon plans to participate as to a 25% working interest in a horizontal development well to optimize drainage of medium gravity crude oil from the Lower Shaunavon formation in the Eastend field in southwestern Saskatchewan. The operator of the project controls 800 acres on this prospect and if the initial test well is successful as many as five additional wells could be drilled on the lands.

Reserves

Oil and Natural Gas Reserves Based on Escalated Prices

	Company Working Interest Reserves						Present Value of Estimated Future Net Cash Flow Discounted at Rates of:			
	Gross			Net						
	Gas	Oil	NGL	Gas	Oil	NGL	0%	10%	15%	20%
	(mmcf)	(mstb)	(mstb)	(mmcf)	(mstb)	(mstb)	($ thousands)			
Proved Producing	898.3	89.0	32.1	679.0	74.8	21.3	2,640.8	1,797.1	1,562.0	1,388.5
Proved Non-Producing	37.0	13.7	–	30.6	11.3	–	126.4	73.4	55.7	41.7
Total Proved	935.3	102.7	32.1	709.6	86.1	21.3	767.2	1,870.5	1,617.7	1,430.2
Probable Additional	379.7	–	14.8	293.2	–	10.3	785.7	479.2	390.7	325.3
Total Proved Plus Probable Additional	1,315.0	102.7	46.9	1,002.8	86.1	31.6	3,552.9	2,349.7	2,008.4	1,755.5

Auditor's Report

To the Shareholders of
Cephalon Resource Corporation

I have audited the balance sheets of Cephalon Resource Corporation as at April 30, 1994 and April 30, 1993 and the statements of loss and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 1994 and April 30, 1993 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Michael A. Kocinba

CHARTERED ACCOUNTANT

Calgary, Alberta
June 27, 1994, except as to Note 8
which is at July 12, 1994.

BALANCE SHEETS

As At April 30

	1994 $	1993 $
ASSETS		
Current Assets		
Cash	71,783	76
Accounts Receivable and Accruals	220,070	–
Prepaids and Deposits	17,919	–
Total Current Assets	309,772	76
Petroleum and Natural Gas Properties (Note 3)	1,771,079	–
Reorganization Costs	32,420	–
	2,113,271	76
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	458,889	43,578
Accounts Payable – Other	–	23,500
Due to Former Directors	–	27,300
Due to Shareholders	–	25,000
Total Current Liabilities	458,889	119,378
Future Removal and Site Restoration	8,182	–
SHAREHOLDERS' EQUITY		
Shareholders' Equity		
Capital Stock (Note 4)	2,057,621	230,703
Deficit	(411,421)	(350,005)
	1,646,200	(119,302)
	2,113,271	76

On Behalf of The Board:

Fred P. Rumak

James E. Lawson

See Accompanying Notes

Statements of Loss and Deficit

For The Years Ended April 30, 1994 and 1993

	1994 $	1993 $
Revenue		
Production – Oil	153,006	–
– Gas	29,607	–
Less Crown and Other Royalties	(28,431)	–
Other	8,304	–
	162,486	–
Expenses		
Operating	41,473	–
General and Administration	56,552	27,552
Depletion and Amortization	117,695	–
Future Removal and Site Restoration	8,182	–
	223,902	27,552
Net Loss	61,416	27,552
Deficit; Beginning of Year	350,005	322,453
Deficit; End of Year	411,421	350,005
Net Loss Per Share	0.008	0.018

See Accompanying Notes

STATEMENTS OF CHANGES IN FINANCIAL POSITION

For The Years Ended April 30, 1994 and 1993

	1994 $	1993 $
OPERATING ACTIVITIES		
Net Loss	(61,416)	(27,552)
Add: Items not Requiring Cash –		
Depletion and Amortization	117,695	–
Future Removal and Site Restoration	8,182	–
Cash Flow from Operations	64,461	(27,552)
Net Changes in Non-Cash Working Capital Related to Operations –		
Accounts Receivable and Accruals	(220,070)	–
Prepaids and Deposits	(17,919)	–
Accounts Payable & Accrued Liabilities	415,311	(2,628)
Accounts Payable - Other	(23,500)	–
	218,283	(24,924)
FINANCING ACTIVITIES		
Due to Shareholders	(25,000)	25,000
Due to Former Directors	(27,300)	–
Issue of Capital Stock (Net of Issue Costs)	1,826,918	–
	1,774,618	25,000
INVESTING ACTIVITIES		
Petroleum and Natural Gas Properties	(1,845,762)	–
Office Furniture and Equipment	(30,542)	–
Reorganization Costs	(44,890)	–
	(1,921,194)	–
INCREASE IN CASH	71,707	76
CASH; BEGINNING OF YEAR	76	–
CASH; END OF YEAR	71,783	76

See Accompanying Notes

NOTES TO THE FINANCIAL STATEMENTS

For The Years Ended April 30, 1994 and 1993

1. Operations

By order dated October 13, 1988 the Alberta Securities Commission suspended trading in the Company's shares for an indefinite period. On March 31, 1989 the Common Shares were delisted from trading on The Alberta Stock Exchange and accordingly the Company was operationally inactive since that date.

Subsequent to April 30, 1993 new management of the Company undertook to reorganize the operations and business of the Company. On July 15, 1993 the Company's Common Shares were relisted for trading on The Alberta Stock Exchange after completion of a shareholder approved material transaction and completion of a private placement of 2,900,000 Common Shares for total gross proceeds of $725,000.

2. Summary of Significant Accounting Policies

Petroleum and Natural Gas Properties

The Company follows the full cost method of accounting, whereby all costs are accumulated in a single cost centre representing the Company's activities undertaken exclusively in Canada. Such costs include land acquisitions, drilling, and geological and geophysical expenses related to exploration and development activities. Gains or losses are not recognized upon disposition of oil and gas properties unless crediting the proceeds against accumulated costs would result in a significant change in the rate of depletion.

Costs capitalized in the cost centre are depleted using the unit-of-production method, based on estimated proven oil and gas reserves as determined by independent consulting engineers. For purposes of the depletion calculation, oil and gas reserves are converted to a common unit of measure on the basis of their relative heating value. The carrying value of undeveloped properties is excluded in the depletion calculation.

In applying the full cost method, the Company performs a ceiling test which limits the capitalized costs less accumulated depletion and amortization to an amount equal to the estimated undiscounted value of future net revenues from proven oil and gas reserves, based on year-end prices and costs, and after deducting estimated future general and administrative expenses, future removal and site restoration costs, financing costs and income taxes.

The Company periodically reviews the costs associated with undeveloped properties to determine whether the costs will be recoverable. An impairment allowance is made if the results of the review indicate an impairment has occurred.

Estimated future removal and site restoration costs are provided for using the unit-of-production method and remaining proved reserves. Costs are estimated based on current regulations, costs, technology and industry standards. The annual charge and the related accumulated provision is separately disclosed. Future removal and site restoration costs are charged to the accumulated provision account as incurred.

Substantially all of the Company's exploration and development activities are conducted jointly with others. Accordingly, the financial statements reflect only the Company's proportionate interests in such activities.

Office Furniture and Equipment

Office furniture and equipment are recorded at cost and are amortized based on the estimated useful life. The rates for office furniture and equipment are 20% and 30% declining balance respectively.

Reorganization Costs

Costs incurred in the reorganization of the Company were capitalized and are to be amortized over a three year period.

Flow-Through Shares

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Petroleum and natural gas properties and capital stock are reduced by the estimated cost of the renounced tax deductions when the expenditures are incurred.

Per Share Information

Basic loss per share is calculated using the weighted average number of Common Shares outstanding. Fully diluted per share information is anti-dilutive.

3. Petroleum and Natural Gas Properties

	Cost	Accumulated Depletion and Amortization	Net Book Value
	$	$	$
Petroleum and Natural Gas Properties and Production Equipment	1,845,762	102,062	1,743,700
Office Furniture and Equipment	30,542	3,163	27,379
	1,876,304	105,225	1,771,079

Undeveloped properties in the amount of $153,587 have been excluded from petroleum, natural gas properties and production equipment for purposes of calculating depletion. The properties are in various stages of exploration and will be transferred to costs subject to depletion as exploration on the related petroleum and natural gas leases are completed.

Petroleum and natural gas properties and production equipment having a net book value of $558,333 for accounting purposes has no cost basis for income tax purposes.

The Company has capitalized general and administrative charges directly related to acquisition, exploration and development activities of $77,556. An additional depletion charge of $23,376 has been recorded to reflect a reduction in the net recoverable amount.

4. Capital Stock

(a) *Authorized*

Unlimited number of Common Shares of no par value.

Unlimited number of Preferred Shares of no par value.

(b) *Common Shares Issued*

	Number of Shares	Stated Value
		$
Balance – April 30, 1992 and 1993	7,534,767	230,703
Issued for Debt Settlement		
– Due to Former Directors	476,668	27,300
– Accounts Payable - Other	470,000	23,500
– Accounts Payable and Accrued Liabilities	342,000	34,200
– Due to Shareholders	2,500,000	25,000
Issued for Services	1,250,000	17,001
Issued for Petroleum and Natural Gas Properties	7,500,000	282,000
Issued for Debt Settlement	500,000	5,000
	20,573,435	644,704
Conversion Adjustment Pursuant to Shareholders Resolution (see (c) below)	(16,458,748)	–
	4,114,687	644,704
Issued for Cash on Private Placement	2,900,000	725,000
Less; Share Issue Costs	–	(30,000)
Issued for Petroleum and Natural Gas Properties	200,000	80,000
Issued for Services	340,000	79,000
Issued for Cash on Public Offering		
– Common Shares	3,121,333	873,973
– Warrants	–	62,427
Less; Share Issue Costs	–	(129,205)
Less; Tax Effect of Flow-Through	–	(248,278)
Balance – April 30, 1994	10,676,020	2,057,621

4. Capital Stock (continued)

(c) *Conversion and Name Change*

Pursuant to a shareholders resolution dated April 15, 1993 and effective May 21, 1993 the Company consolidated all of the issued Common Shares of the Company on the basis of one new consolidated share for five existing shares. As a result of this resolution and by Articles of Amendment, the Company changed its name from Multi-Screen Corporation to Cephalon Resource Corporation.

(d) *Options*

The Company has outstanding options to its officers and directors to purchase in the aggregate 640,000 Common Shares at a price of $0.25 per share, expiring on June 30, 1996. To date none of the options have been exercised. The Company has also granted to the Agents from a previous public offering a non-assignable option to purchase 312,133 Common Shares at $0.28 per Common Share exercisable on or before June 30, 1995.

(e) *Warrants*

The Company has reserved 3,121,333 Common Shares for issuance pursuant to outstanding warrants to purchase Common Shares (one warrant entitles the holder thereof to purchase one additional Common Share at price of $0.32 per share until June 30, 1995).

(f) *Escrow*

As at April 30, 1994 – 3,000,000 (April 30, 1993 – 600,000 (3,000,000 pre-consolidation)) Common Shares, are held in escrow by the transfer agent subject to the direction or determination of the relevant regulatory authorities.

(g) *Flow-Through Share Commitment*

As at April 30, 1994 the Company has a commitment to renounce a further $313,525 of tax attributes associated with exploratory and development activities.

5. Related Party Transactions

During the year ended April 30, 1994 the Company had the following related party transactions:

i) The Company acquired a drilling prospect from a company controlled by officers and directors in exchange for 1,500,000 (7,500,000 pre-consolidation) Common Shares of the Company representing a total consideration of $282,000.

ii) The Company paid consulting fees to two officers and directors of the Company totalling $125,000 relating to the review and evaluation of petroleum and natural gas properties and other consulting services.

6. Credit Facility

As at April 30, 1994 the Company has arranged a $350,000 revolving demand credit facility with a Canadian Chartered Bank which bears interest at the prime rate plus 1.5%. Security for the facility includes a general assignment of book debt, a specific fixed charge on certain petroleum and natural gas assets and a floating charge on all assets not specifically covered.

7. Income Taxes

Income tax expense differs from the amounts which would be obtained by applying the combined Canadian basic federal and provincial income tax rate to income before income taxes.

	Years Ended April 30	
	1994	1993
	$	$
Loss Before Income Taxes	**61,416**	27,552
Income Tax Rate	**44%**	44%
Expected Income Tax Recovery	**27,023**	12,123
Increase (Decrease) Resulting from:		
Depletion of Non-Tax Base Assets	**(15,768)**	–
Resource Allowance	**761**	–
Share Issue Costs	**14,010**	–
Reorganization Costs	**(1,371)**	–
Future Tax Benefits not Recognized	**(24,655)**	(12,123)
	–	–

Subsequent to April 30, 1993, as a result of change of control together with the change in the business activities of the Company, losses of $349,172 are not available to be offset against future taxable income.

As at April 30, 1994 the Company has available for deduction against future taxable income unused resource and other tax pools of $1,196,177 and a loss for income tax purposes of $46,197 available to offset future taxable income until 2001.

8. Subsequent Event

The Company has entered into an Agency Agreement made effective June 17, 1994 with Canaccord Capital Corporation (the "Agents") whereby the agents have agreed to sell, on a best efforts basis, a minimum of $1,250,000 and a maximum of $2,000,000 of 10% Convertible Redeemable Debentures. The Debentures will mature on August 1, 1998. Each Debenture will be convertible into Common Shares of the Company at the option of the holder at any time up to the close of business on August 1, 1996 at a conversion price of $0.35 per Common Share and thereafter until August 1, 1998 at $0.45 per Common Share. The Debentures will not be redeemable on or prior to August 1, 1996. Thereafter the Debentures will be redeemable at any time up to the close of business on August 1, 1997 for 2,000 Common Shares per $1,000 principal amount of Debentures provided the weighted average price at which the Common Shares have traded on The Alberta Stock Exchange during the 20 consecutive trading days ending not more than five days prior to the giving of notice of redemption is at least $0.50. Thereafter the Debentures will be redeemable at any time up to the close of business on August 1, 1998 for 1,818 Common Shares per $1,000 principal amount of Debentures provided the weighted average price at which the Common Shares have traded on The Alberta Stock Exchange during 20 consecutive trading days ending not more than five trading days prior to the giving of notice of redemption is at least $0.55.

In addition, the Agents will be paid a commission of 6%. Other issue costs are estimated at $60,000. The Company has agreed to issue to the Agent warrants to purchase up to an aggregate of 300,000 Common Shares on or before the expiry of 18 months from the closing date of this issue, at a price of $0.30 per Common Share.

DIRECTORS' PROFILE

A. Bruce Macdonald – Chairman and Director

Mr. Macdonald of Calgary, Alberta has been Chairman and a director of the Corporation since April 15, 1993. Mr. Macdonald is a graduate of the Colorado School of Mines with a Bachelor of Science degree in Petroleum Engineering. Mr. Macdonald has over 38 years of oil and gas industry experience in Canada, the United States and Australia. From 1974 to 1991, he was Executive Vice President of Enron Oil Canada Ltd., an oil and gas corporation which in 1991 had over $150 million in assets. Prior to 1974, he held various positions including as Operations Manager of Delhi International Oil Corporation, Canadian Division Production Manager for Uno-Tex Petroleum Corporation and Petroleum Engineer with Monsanto Oils Limited.

Fred P. Rumak – President, Chief Executive Officer and Director

Mr. Rumak of Calgary, Alberta has been the President, Chief Executive Officer and a director of the Corporation since April 15, 1993. Mr. Rumak holds a Bachelor of Science degree from the University of Manitoba. During his twenty year career in the oil and gas industry, Mr. Rumak has held positions of increasing responsibility with major, intermediate and junior oil companies, some of which included: Geologist with Gulf Canada Resources; Senior Geologist with Andex Oil Ltd.; Ultramar Oil and Gas Ltd. and Exploration Manager with Penn West Petroleum. Directly prior to his involvement with Cephalon, Mr. Rumak was a consulting Geologist to the oil and gas industry.

James E. Lawson – Secretary / Treasurer and Director

Mr. Lawson of Calgary, Alberta has been the Secretary and a director of the Corporation since April 15, 1993 and Treasurer since November 23, 1993. Mr. Lawson's principal occupation is as an independently practicing Chartered Accountant. He provides systems development, audit, accounting and tax services primarily to oil and gas corporations. From 1983 to 1986, Mr. Lawson was the Controller of Morgan Hydrocarbons Inc. and from 1980 to 1983, he was Corporate Controller for the Brent Resources Group. Before that, Mr. Lawson was a staff accountant and tax manager for Arthur Andersen & Co.

James A. Podruski – Director

Mr. Podruski of Calgary, Alberta has been a director of Cephalon since April 15, 1993. He is a graduate of the University of Manitoba with a Bachelor of Science degree in Geology and a graduate of the University of Southern California with a Master of Science degree. Mr. Podruski is President of Blue Northern Resources Inc., a corporation providing evaluations and recommendations of exploration programs for the oil and gas industry. He has over 16 years of petroleum geology experience including positions of Contract Geologist for Suncor Inc., Senior Petroleum Geologist for the Geological Survey of Papua New Guinea, Petroleum Geologist for the Geological Survey of Canada, Senior Petroleum Geologist with Aberford Resources Limited and Senior Petroleum Geologist with Amoco Canada Petroleum Company Ltd.

The Right Honourable Edward R. Schreyer – Director

The Right Honourable Mr. Schreyer of Winnipeg, Manitoba has been a director of Cephalon since April 15, 1993. Mr. Schreyer was the Governor General of Canada from 1979 to 1984 and Premier of the Province of Manitoba from 1969 to 1977. More recently, Mr. Schreyer was the Canadian High Commissioner to Australia, Solomon Islands and Papua New Guinea and Ambassador to Vanuatu from 1984 to 1988. Mr. Schreyer is a graduate of the University of Manitoba with a Bachelor of Arts degree, a Bachelor of Education degree, a Bachelor of Pedagogy degree and a Master of Arts degree. He is also the recipient of numerous honorary degrees. Mr. Schreyer has been a Distinguished Fellow of the Institute for Integrated Energy Systems at the University of Victoria since 1991. He is a director of many corporations, organizations and foundations including the China International Trust and Investment Corporation Canada Inc., Habitat for Humanity Canada and the Canadian Shield Foundation.

CORPORATE INFORMATION

Board of Directors

A. Bruce Macdonald
Chairman
Calgary, Alberta

Fred P. Rumak
President and Chief Executive Officer
Calgary, Alberta

James E. Lawson
Secretary / Treasurer and
Chief Financial Officer
Calgary, Alberta

Edward R. Schreyer
Director
Winnipeg, Manitoba

James A. Podruski
Director
Calgary, Alberta

Corporate Office

1600, 717 - 7th Avenue S.W.
Calgary, Alberta T2P 0Z3
Tel: (403) 269-5100
Fax: (403) 269-5137

Registrar and Transfer Agent

Montreal Trust Company of Canada
Calgary, Alberta

Stock Exchange

The Alberta Stock Exchange
Symbol: "CHR"

Consulting Engineers

Fekete Associates Inc
Calgary, Alberta

Officers and Personnel

A. Bruce Macdonald
Chairman
Calgary, Alberta

Fred P. Rumak
President and Chief Executive Officer
Calgary, Alberta

James E. Lawson
Secretary / Treasurer and
Chief Financial Officer
Calgary, Alberta

Andrea van Remmen
Secretary / Receptionist
Calgary, Alberta

Audit Committee

James E. Lawson
James A. Podruski
Edward R. Schreyer

Auditors

Michael A. Kociuba
Professional Corporation
Chartered Accountant
Calgary, Alberta

Solicitors

Bennett Jones Verchere
Calgary, Alberta

Bankers

Alberta Treasury Branches
Calgary, Alberta

ephalon Resource Corporation

1600, 717 - 7th Avenue S.W.
Calgary, Alberta T2P 0Z3
Tel: (403) 269-5100
Fax: (403) 269-5137
ASE: Trading Symbol CHR

RONALDS PRINTING